

EXTENDING TO THE CANAL ZONE GOVERNMENT AND THE PANAMA CANAL COMPANY PROVISIONS OF THE ACT ENTITLED "AN ACT TO FACILITATE THE SETTLEMENT OF THE ACCOUNTS OF CERTAIN DECEASED CIVILIAN OFFICERS AND EMPLOYEES OF THE GOVERNMENT," APPROVED AUGUST 3, 1950

JULY 3, 1952.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DAWSON, from the Committee on Expenditures in the Executive Departments, submitted the following

REPORT

[To accompany H. R. 5042]

The Committee on Expenditures in the Executive Departments, to whom was referred the bill (H. R. 5042) to extend to the Canal Zone Government and the Panama Canal Company provisions of the act entitled "An act to facilitate the settlement of the accounts of certain deceased civilian officers and employees of the Government", approved August 3, 1950, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

Page 2, line 2, strike the last word of the sentence, the word "Panama".

Page 2, line 3, strike "Company" and insert "Zone Government".

PURPOSE OF THE BILL

H. R. 5042 would extend to the Canal Zone Government and the Panama Canal Company the provisions of the act of August 3, 1950 (Public Law 636, 81st Cong.) for the payment to certain payees in a prescribed order of precedence of all compensation and certain other credits to deceased Government employees.

GENERAL STATEMENT

Section 7 of the act of August 3, 1950, now provides that that legislation shall not apply to the accounts of officers and employees of the Panama Canal and Panama Railroad Company on the Isthmus of Panama.

H. R. 5042 proposes to extend the benefits of this salutary legislation to the Panama Canal activities. The Department of Defense has indicated that it did not seek the exception in section 7 and adduced that the exception was included in the legislation based upon a similar exception in the commuted leave payment act of December 21, 1944, without realizing that the reasons for the exception in that law are inapplicable to Public Law 636.

The Comptroller General of the United States recommended the enactment of Public Law 636 indicating that it could be expressed to improve the handling of the type of payments involved in effecting considerable savings in costs of administration. In testimony on this bill, a representative of the General Accounting Office indicated that Public Law 636 has effected these anticipations. The same results may be expected from the proposed extensions to the Canal Railroad.

Since the Panama Canal performs disbursing and similar functions for the Panama Canal Company, and since a large number of alien employees are involved, benefits of this legislation would facilitate and improve the manner of handling payments in the case of deceased employees of the Canal Zone Government and the Panama Canal Company.

Attached and made a part of this report are reports of the interested agencies.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., August 10, 1951.

HON. WILLIAM L. DAWSON,
*Chairman, House Committee on Expenditures in the Executive Departments,
New House Office Building, Washington 25, D. C.*

MY DEAR MR. DAWSON: This will acknowledge your letter of August 3, 1951, requesting the comments of the Bureau of the Budget on H. R. 5042, a bill to extend to the Canal Zone Government and the Panama Canal Company provisions of the act entitled "An act to facilitate the settlement of the accounts of certain deceased civilian officers and employees of the Government," approved August 3, 1950.

The purpose of this bill is to extend to the Panama Canal and Panama Railroad Company the provisions of the act of August 3, 1950, Public Law 636, Eighty-first Congress, for the payment of compensation due deceased government employees to their beneficiaries.

As you know, H. R. 5042 is a part of the 1951 legislative program of the Department of Defense. The need for its enactment is indicated in a justification which, it is understood, has been submitted directly to your committee.

For the reasons set out in the above-mentioned justification, the Bureau of the Budget recommends that H. R. 5042 be enacted into law.

Sincerely yours,

F. J. LAWTON, *Director.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington 25, D. C., August 17, 1951.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Expenditures in the Executive Departments,
House of Representatives.*

MY DEAR MR. CHAIRMAN: Reference is made to your letter of August 3, 1951, acknowledged by telephone August 7, requesting an expression of my views and comments upon H. R. 5042, entitled "A bill to extend to the Canal Zone Government and the Panama Canal Company provisions of the act entitled 'An act to facilitate the settlement of the accounts of certain deceased civilian officers and employees of the Government,' approved August 3, 1950."

The bill would extend to the Canal Zone Government and the Panama Canal Company the provisions of the act of August 3, 1950, Public Law 636, Eighty-first Congress, for the payment to certain payees in a prescribed order of precedence

of all compensation and certain other credits due deceased Government employees. Section 7 of the act of August 3, 1950, excepted the Panama Canal and the Panama Railroad Company. Pursuant to the act of September 26, 1950, Public Law 841, Eighty-first Congress, and Executive Order 10263, dated June 29, 1951, the functions formerly performed by those agencies now are performed by the agencies designated as the Canal Zone Government and the Panama Canal Company. The referred-to exception appears to have been occasioned by the fact that the Canal agencies were excepted from the provisions of the act of December 21, 1944 (58 Stat. 845), relative to payments for leave upon the death of employees and the fact that authority for leave payments in the cases of deceased employees of the Canal agencies specifically was provided in title 2, section 84, of the Canal Zone Code, as added by section 1 of the act of August 10, 1949 (63 Stat. 593). Section 2 of H. R. 5042 would remove the present exemption.

Section 1 of H. R. 5042 would exempt the Panama Canal Company (by reason of its status as a Government corporation) and the Canal Zone Government (specifically) from the requirements of section 3 (b) of the act of August 3, 1950, that all amounts not payable under section 3 (a) to designated beneficiaries or surviving spouses be payable on settlements of the General Accounting Office. Since the Panama Canal Company performs disbursing and similar functions for the Canal Zone Government and since a large number of alien employees are involved, I am of the view that the exemption of the Canal Zone government, as well as the Panama Canal Company is fully justified.

The matter of payment for the leave of deceased employees would be covered by enactment of the proposed legislation; hence, repeal of title 2, section 8 of the Canal Zone Code, *supra*, as proposed in section 3 of the bill, appears to be in order.

It is believed that the enactment of H. R. 5042 would result in an improvement in the manner of handling payments in the cases of deceased employees of the Canal Zone government and the Panama Canal Company, and, therefore, I recommend enactment of the bill.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General of the United States.

ASSISTANT SECRETARY OF DEFENSE,
Washington 25, D. C., June 29, 1951.

HON. SAM RAYBURN,
Speaker of the House of Representatives.

DEAR MR. SPEAKER: There is forwarded herewith a draft of proposed legislation, to extend to the Panama Canal and Panama Railroad Company provisions of the act entitled "An act to facilitate the settlement of the accounts of certain deceased civilian officers and employees of the Government," approved August 3, 1950.

This proposal is a part of the Department of Defense legislative program for 1951, and has been approved by the Bureau of the Budget. The Department of Defense recommends that it be enacted by Congress.

Purpose of the legislation: This proposed legislation would extend to the Panama Canal and Panama Railroad Company the provisions of the act of August 3, 1950, Public Law 636, Eighty-first Congress, for the payment of all compensation due a deceased Government employee to the beneficiary, if any, designated by the employee in writing filed with the employing agency, and if there be no such designated beneficiary, then to the surviving spouse, children, parents, etc., in a prescribed order of precedence.

Section 7 of the act of August 3, 1950, now provides that the legislation shall not apply to the accounts of officers and employees of the Panama Canal and Panama Railroad Company on the Isthmus of Panama.

For the same reasons that prompted enactment of the law in reference to payments of compensation due to deceased Federal employees generally, it is recommended that the law be extended to the Canal-Railroad on the Isthmus. The Canal and Railroad were not consulted in reference to the exception contained in section 7. It is believed that the exception was included in drafting based upon a similar exception in the Commuted Leave Payment Act of December 21, 1944, without realizing that the reasons for the exception in that law are inapplicable to the subject law.

It is understood that the subject legislation was recommended to the Congress by the Comptroller General of the United States, who stated that its provisions

were expected to result in improvement in the handling of the type of payments involved and to effect considerable savings of costs of administration. The same results may be expected from the proposed extension to the Canal-Railroad.

The extension would be accomplished by deletion of the reference to the Canal and Railroad made in section 7 of the law. This deletion would be effected by section 2 of the draft bill.

Section 1 of the draft bill would effect a desirable amendment to provide further authorization to the Canal and Railroad to pay certain classes of survivors the compensation due a deceased employee. Section 3 (a) of the law authorizes the employing agency to make payments to designated beneficiaries or surviving spouses, the first two classes of survivors set forth in Public Law 636. Section 3 (b) provides that all other payments shall be made by the General Accounting Office except as the Comptroller General may by regulation otherwise authorize or direct, and except that the District of Columbia and Government corporations shall make the payments in the case of their respective employees. The proposed amendment to section 3 (b) would add the Panama Canal to the specific exceptions authorizing payment by the employing agencies rather than by the General Accounting Office. The exception covering Government corporations would of course apply to the Panama Railroad Company. In view of the integrated organization of the Panama Canal and the Panama Railroad Company on the Isthmus, and in view of further advantages of efficiency and economy in handling such matters locally, particularly in the case of more than 14,000 alien employees, most of whom are Panamanians and West Indians, it is believed that the proposed amendment to section 3 is sound. In this connection it is pertinent to observe that on or about July 1, 1951, the Panama Canal will be renamed the Canal Zone Government and the corporation now known as the Panama Railroad Company will be renamed the Panama Canal Company, and all Canal functions and personnel other than those relating to civil government, health and sanitation will be transferred to the corporation, which will normally perform disbursement and similar functions for the Canal Zone Government.

Section 3 of the draft bill, which corresponds to section 6 of Public Law 636, would provide a deferred effective date and would repeal the statute applicable to the Canal-Railroad on the Isthmus which corresponds to the statute repealed by section 6 of Public Law 636. The statutory provisions cited for repeal concern payments of accumulated leave due at the time of an employee's death. Such payments would, of course, be entirely covered by Public Law 636 as extended to Canal-Railroad employees by the proposed amendments. The provisions concerning leave payments utilize designations of beneficiaries under the Retirement Act and are affected by Public Law 547 approved June 14, 1950. The proposed extension of Public Law 636 would achieve the objective of Public Law 547, which was intended to reduce to a minimum the number of designations of beneficiaries under the Retirement Act.

The proposed extension of Public Law 636 to the Canal-Railroad on the Isthmus is not intended to affect the application of section 83 of title 2 of Canal Zone Code authorizing all amounts owed the Government by Canal-Railroad employees for transportation, board, supplies, or other service to be deducted from the compensation otherwise payable to such employees. Such deductions would of course be continued to be made in determining the compensation payable to the beneficiaries prescribed by Public Law 636.

Legislative reference: None other than as indicated above.

Cost and budget data: There will be no additional cost to the Government from enactment of the proposed legislation.

Department of Defense action agency: The Department of the Army has been designated as the representative of the Department of Defense for this legislation.

Sincerely yours,

DANIEL K. EDWARDS.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TO FACILITATE THE SETTLEMENT OF THE ACCOUNTS OF CERTAIN DECEASED CIVILIAN OFFICERS AND EMPLOYEES OF THE GOVERNMENT

(Public Law 636, 81st Cong., 2d sess., approved August 3, 1950)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to facilitate the settlement of the accounts of deceased civilian officers and employees of the Federal Government and of the government of the District of Columbia (including wholly owned and mixed-ownership Government corporations) all unpaid compensation due such an officer or employee at the time of his death shall be paid to the person or persons surviving at the date of death, in the following order of precedence, and such payment shall be a bar to recovery by any other person of amounts so paid:

First, to the beneficiary or beneficiaries designated by the officer or employee in writing to receive such compensation filed with the Government agency in which the officer or employee was employed at the time of his death, and received by such agency prior to the officer's or employee's death;

Second, if there be no such beneficiary, to the widow or widower of such officer, or employee;

Third, if there be no beneficiary or surviving spouse, to the child or children of such officer or employee, and descendants of deceased children, by representation;

Fourth, if none of the above, to the parents of such officer or employee, or the survivor of them;

Fifth, if there be none of the above, to the duly appointed legal representative of the estate of the deceased officer or employee, or if there be none, to the person or persons determined to be entitled thereto under the laws of the domicile of the deceased officer or employee.

SEC. 2. For the purposes of this Act the term "unpaid compensation" means the pay, salary, or allowances, or other compensation due on account of the services of the decedent for the Federal Government or the government of the District of Columbia. It shall include, but not be limited to, (1) all per diem in lieu of subsistence, mileage, and amounts due in reimbursement of travel expenses, including incidental and miscellaneous expenses in connection therewith for which reimbursement is due; (2) all allowances upon change of official station; (3) all quarters and cost-of-living allowances and overtime or premium pay; (4) amounts due for payment of cash awards for employees' suggestions; (5) amounts due as refund of salary deductions for United States Savings bonds; (6) payment for all accumulated and current accrued annual or vacation leave equal to the compensation the decedent would have received had he remained in service until the expiration of the period of such annual or vacation leave; (7) the amounts of all checks drawn in payment of such compensation which were not delivered by the Government to the officer or employee during his lifetime or of any unnegotiated checks returned to the Government because of the death of the officer or employee.

SEC. 3. (a) Subject to such rules and regulations as may be prescribed by the Comptroller General of the United States, the employing agency shall cause the unpaid compensation to be paid to the beneficiaries, if any, designated by the officer or employee under section 1 of this Act, or, if none, to the widow or widower of such officer or employee.

(b) Accounts not payable under section 3 (a) (with the exception of accounts of employees of the District of Columbia which shall be paid by the District of Columbia, *accounts of employees of the Canal Zone Government on the Isthmus of Panama which shall be paid by the Canal Zone Government*, and accounts of employees of wholly owned and mixed-ownership Government corporations which may be paid by such corporations) shall be payable on settlement of the General Accounting Office, except as the Comptroller General may by regulation otherwise authorize or direct.

SEC. 4. This Act shall not apply to any benefits, refunds, or interest payable under the Retirement Act applicable to the decedent's service or to amounts the disposition of which is otherwise expressly prescribed by Federal law.

SEC. 5. Officers and employees affected shall be notified by the employing agency of the provisions of this Act relative to the disposition of such compensation in the event no beneficiary is designated by them, and of their right to designate a beneficiary or beneficiaries in accordance with its terms if they desire a different disposition to be made thereof. Designations so made may be changed or revoked at any time under such rules and regulations as may be prescribed by the Comptroller General.

SEC. 6. This Act shall be effective one hundred and twenty days from the date of its enactment as of which time section 2 of the Act of December 21, 1944 (58 Stat. 845), is repealed.

SEC. 7. This Act shall not apply [to the accounts of officers and employees of the Panama Canal and the Panama Railroad on the Isthmus of Panama, or] to the accounts of officers and employees of the Federal land banks, Federal intermediate credit banks, production credit corporations, or the regional banks for cooperatives.

○